



## NOTICE TO STATE INSURANCE COMMISSIONERS

### MISLEADING PRACTICES BY INSURANCE AGENTS IN THE SALE OF MEDIGAP PLANS

As you know, a number of Medicare+Choice Plans have decided not to renew their contracts with the Health Care Financing Administration (HCFA), effective January 1, 2001. To help ensure that Medicare+Choice enrollees understand their rights and options, HCFA has launched an informational campaign in collaboration with affected Medicare+Choice organizations, you and other state insurance regulators, and state health insurance advisory programs. In addition, during the last week of September, we have directed nonrenewing plans to send their enrollees Final Notice Letters describing beneficiaries' rights to guaranteed issuance of Medigap insurance and the timing for taking advantage of those rights.

We want to work with you to help seniors know and exercise their rights. As part of this effort, I request your help to make sure insurance agents only provide accurate information and do not mislead beneficiaries.

It has come to our attention that some insurance agents in several states are using high pressure sales tactics, such as claiming that processing Medigap applications will take six months. Some agents are running advertisements that mislead beneficiaries and encourage them to disenroll immediately from their managed care plans and purchase Medigap insurance. In fact, this claim is simply not true. Beneficiaries in your state who disenroll prematurely may lose important protections. We are monitoring activities related to the nonrenewal process and will take any available action against issuers whose agents mislead beneficiaries. We will continue to be in contact with State Insurance Commissioners in those states where we know problems exist.

As you know, Federal law establishes special guaranteed issue rights to Medigap insurance for Medicare beneficiaries who will be returning to Original Medicare as a result of the nonrenewals and who wish to purchase supplemental coverage. Beneficiaries can access these special rights only if they apply for Medigap insurance within specified time periods. The earliest of these periods will, in most cases, not begin until October 2. The time periods are established to accommodate the interests of all parties affected by the nonrenewal process: beneficiaries, managed care plans, and Medigap issuers.

To help protect Medicare beneficiaries, I urge you to take steps to educate agents whose actions result from ignorance and to use your regulatory authority to discipline agents whose actions are willful.

Nancy-Ann Min DeParle  
Administrator